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ABSTRACT

A paper examining recent changes in the social and economic development of rural America--with comments by a different author--and a paper discussing rural policy comprise this workshop collection. Placing the changes of the 1970s in a broader historical perspective and developing a general framework within which to consider the influence of natural resource-related activities on development, the paper by Kenneth Deavers and David Brown describes population distributions, economic structures, rural classifications, classification comparisons, population changes, economic base factors, income levels, and other factors. Conclusions suggest that the connection between rural poverty and natural resource dependence is weak overall. Comments by Ronald Powers describe several natural resource variables not mentioned, disagree with some of the paper's conclusions, and suggest an additional hypothesis on the matter of assisting low-income counties. Suggesting major policy shifts, the final paper, by Edward Blakely, describes five principles: promotion of balanced rural settlements; a more versatile rural development model based on human rather than natural resources; increasing the social and economic opportunities for the disadvantaged in rural areas; integrating physical, social, and human resource development into a new, more integrated rural community development approach; and increasing the capacity of small local governments. (PM)

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Rural Development, Poverty, and Natural Resources
Workshop Paper Series

Part I

Sociodemographic and Economic Changes in Rural America

Kenneth L. Deavers and David L. Brown
with comments by Ronald C. Powers
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Rural Policy: An Independent View
Luncheon Address

Edward J. Blakely
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PREFACE

In the summer of 1983, with a grant from the Ford Foundation, Resources for the Future convened a workshop on "rural development, poverty, and natural resources." Over forty leading researchers and community development leaders participated in the two-and-a-half day workshop. Workshop discussions were organized around ten commissioned papers, commentators' remarks, and a luncheon address. The papers covered broad issues of rural development, resource ownership and use, and the incidence of poverty and its relationship to natural resources including six case studies focusing on specific resources in various geographic settings.

The workshop papers and the comments on them are available in a six-part series as follows. An overview paper summarizing the key topics and issues discussed will be available in the spring of 1984.

Part I

Sociodemographic and Economic Changes in Rural America, by Kenneth L. Deavers and David L. Brown, Economic Research Service, U.S. Department of Agriculture; with *comments* by Ronald C. Powers, North Central Regional Center for Rural Development, Iowa State University.

Rural Policy: An Independent View, by Edward J. Blakely, Institute of Government Studies, University of California, Berkeley.

Part II

Income Distribution, Poverty, Natural Resources, and Public Policies: Conceptual and Research Issues, by Emery N. Castle and Mark Goldstein, Resources for the Future, Inc.; with *comments* by Philip M. Raup, Department of Agricultural and Applied Economics, University of Minnesota.

Part III

Real Income, Poverty, and Resources, by Irving Hoch, Julie Hewitt, and Vicky Virgin, Resources for the Future, Inc.; with *comments* by Edna Loehman, Department of Agricultural Economics, Purdue University.

Part IV

Ownership Patterns of Natural Resources in Rural America: Implications for Distribution of Wealth and Income, by Marion Clawson, Resources for the Future, Inc.; with *comments* by Robert G. Healy, Conservation Foundation.

Part V

The City House and the Country House: Land-Use Policies and Rural Poverty in the Northeast, by Frank J. Popper, Resources for the Future, Inc.

Coal, Poverty, and Development Policy in Eastern Kentucky, by Cynthia L. Duncan and William A. Duncan, Mountain Association for Community Economic Development.

Development and Management of Forest Resources for Rural Development in the Pacific Northwest, by Joe B. Stevens, Department of Agricultural and Resource Economics, Oregon State University.

Natural and Human Resources: Major Public Policy and Minority Rural Land Ownership, Management, and Use, by T. T. Williams, Richard Morse, and Avery Webber, Tuskegee Institute; with *comments* by Paul Barkley, Department of Agricultural Economics, Washington State University; Brady J. Deaton, Department of Agricultural Economics, Virginia Polytechnic Institute and State University; and Marty Strange, Center for Rural Affairs.

Part VI

Water and Poverty in the Southwest, by Helen Ingram, University of Arizona; F. Lee Brown, University of New Mexico; Gary Weatherford, Santa Clara University; Gil Bonem, the Center for Natural Resource Studies; Steve Mumme, Colorado State University; and Wade Martin, University of New Mexico.

Indian Natural Resource Development: The Impact on Poverty: Overview of Issues, and Proposals for Research by Susan Williams, Fried, Frank, Harris, Shriver and Kampelman; with *comments* by John Folk-Williams, Western Network, and Allen V. Kneese, Resources for the Future, Inc.

The six-part series and the overview paper are available from: the National Center for Food and Agricultural Policy, Resources for the Future, Inc., 1755 Massachusetts Avenue, N.W., Washington, D.C. 20036.

Kenneth R. Farrell, *Director*
National Center for Food and Agricultural Policy

SOCIODEMOGRAPHIC AND ECONOMIC CHANGES IN RURAL AMERICA

by Kenneth L. Deavers and David L. Brown

Purpose and Objectives

This paper discusses recent changes in the social and economic development of rural America.[1] Our purpose is twofold:

1. to place the changes of the 1970s in a broader historical perspective

2. to develop a general framework within which to consider the influence of natural-resource-related activities on development.

Over time, the level of population growth, location and level of economic activity, and social well-being have come to depend less on natural resource endowments than on other factors such as transportation, communication, labor force characteristics, and urbanization. Nevertheless, many rural areas continue to be much more dependent than the nation as a whole on natural-resource-based activities. Understanding the economic and social viability of these rural areas requires an understanding of the changing role of their natural resource base in development.

Director and Associate Director, respectively, Economic Development Division, Economic Research Service, U.S. Department of Agriculture. This work could not have been accomplished without the efforts of several of our colleagues in EDD. Peggy Ross and Bernal Green have major responsibility for developing the data base for the county classification scheme that is the key analytical construct used in this paper. Bob Hoppe leads the EDD project on the geography of poverty and gave freely of his time and knowledge in our analysis of persistently low-income areas. Calvin Beale's insightful review of an earlier draft is appreciated. Mary Haygood did a superb job in producing the manuscript.

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1. The terms rural and nonmetropolitan are used interchangeably in this paper, however, all data presented are by metropolitan-nonmetropolitan county status.

We have chosen to measure development (and viability) by population change and income level. We examine these and other measures of structure and change among rural areas, comparing areas dependent on natural resource activities to all rural counties. The principal question we address is whether natural resource dependence contributes importantly to an explanation of recent rural development experience, and the role of this dependence in explaining the incidence of rural poverty.

The 1970s in Historical Perspective

Rural America has undergone enormous change in the past twenty-five years. In the 1970s this change culminated in three ways: (a) the rate of nonmetropolitan population growth exceeded that in metropolitan counties, reversing a decades'-long trend of rural outmigration; (b) the overall industrial mix of metropolitan and nonmetropolitan areas became very similar as a result of the long-term decline in extractive employment and increases in manufacturing, services, and government; (c) rural poverty and disadvantage were reduced, even though chronic poverty continued in selected areas and for some population groups; and overall progress in reducing rural-urban income differences ceased in the mid-70s.

Population Distribution

For the first time in this century, the rate of population growth of nonmetropolitan areas exceeds that of their metropolitan counterparts (table 1). Between 1970 and 1980, nonmetropolitan counties grew by 15.7 percent compared with 9.9 percent for SMSA counties. The reverse was true during the 1960-70 decade when metropolitan areas grew by 17.0 percent and their nonmetropolitan counterparts by only 4.3 percent. The 1970-80 nonmetropolitan growth advantage holds in remote and completely rural areas as well as in areas that are partly urban or dominated by nearby cities.

This dramatic turnaround is principally a product of changes in migration behavior; both reduced rural outmigration and increased inmigration. The level of rural childbearing declined substantially during the 1970s, becoming more like that of urban areas. Consequently, differential fertility was less of a force in creating differences in population growth rates between the residential sectors. Previously, natural increase

Table 1. Population Change by Metropolitan Status and Size of Largest City

Characteristic	Number			Percentage change	
	1980	1970	1960	1970-80	1960-70
		(thousands)			
Total	226,505	203,301	179,323	11.4	13.4
Metropolitan[a]	164,866	150,013	128,226	9.9	17.0
Nonmetropolitan	61,639	53,288	51,097	15.7	4.3
Nonmetropolitan					
Adjacent counties[b]	32,401	27,608	25,716	17.4	7.4
Nonadjacent counties	29,238	15,680	25,380	13.9	1.2
Nonadjacent counties					
With city of 10,000 or more[c]	13,106	11,458	10,743	14.4	6.7
With no city of 10,000	16,132	14,222	14,627	13.4	-2.8

Source: U.S. Census of Population 1970 and 1980. Prepared by: Population Studies Section, Economic Development Division, ERS, USDA.

[a]Metropolitan status as of 1974.

[b]Nonmetropolitan counties adjacent to Standard Metropolitan Statistical Areas.

[c]Counties with a city of 10,000 or more population in 1970.

(births minus deaths) had been a more important determinant of differential growth between urban and rural areas.

The term "turnaround" refers to the fact that for the first time in the twentieth century the rate of population growth of the entire nonmetropolitan sector exceeds that of the metropolitan category. It does not mean that all nonmetropolitan counties were previously declining or that all those that were previously declining are now growing. In fact almost 1,100 nonmetropolitan counties grew during the 1960s, and 446 nonmetropolitan counties that were declining during the 1960s also lost population during the 1970s. The nonmetropolitan turnaround occurred because many previously growing nonmetropolitan counties increased their rates of growth, and many previously declining areas decreased their rates of decline or reversed to population gain (850 counties) (Brown and Beale, 1981).

Space and time do not permit a full discussion of the determinants of the metro-nonmetro turnaround. The reasons are diverse and hard to generalize over the entire rural landscape, but some root causes are identifiable: (a) slowing of changes in the structure of agriculture, (b) decentralization of nonextractive economic activities, (c) modernization of rural life, and (d) actualization of residential preferences of the population.

To begin with, as a result of more than forty years of outmovement, totaling about 30 million people, the potential for further farm outmigration as a source of urban growth is greatly reduced. Second, the economic character of rural life has diversified, with trade, services (including government), and manufacturing being the primary employers. This transformation of the rural economy has retained many workers in rural areas who otherwise might have migrated to urban jobs, and it has attracted metropolitan area workers to rural work and residence. Third, the stereotype of rural areas as backward and isolated is no longer generally accurate. The urbanizing of rural areas through electrification, telephone service, all-weather roads, cable television, and centralized water and sewer systems has gone far to modernize rural life. Finally, these economic and community changes have made it feasible for many citizens to act out their preferences for a more rural life-style. Residential preference surveys have demonstrated consistently a substantial discontinuity between the size of current place of residence of many Americans and the size of place they prefer.

Comparative research indicates that numerous other highly industrialized and urbanized nations are currently sharing in the U.S. experience of population decentralization. This has led many social scientists to hypothesize that population decentralization is part of a natural process of advanced societal development (Beale, 1975; Wardwell, 1980; Vining, 1982). Thus, it seems unlikely that the 1970s were an aberration, or should be interpreted as a break in long-term rural development trends.

Economic Structure

The current movement of people and employment to nonmetropolitan counties has accelerated changes that had already become notable in the rural economy in recent decades. The structure of nonmetropolitan employment has

become increasingly diverse and decreasingly agricultural. This is a continuation of changes going on since World War II. In fact, the percentage of employment in farming has been declining since 1820. In that year, over 70 percent of all U.S. workers were employed in agriculture. One hundred years later in 1920, this figure had declined to a little over a quarter and by 1940 only 17 percent of the labor force was in farming. By 1979, the most inclusive definition of agricultural workers (wage and salary, self employed, and unpaid family) amounted to only 3.4 percent of the U.S. workforce. Indeed, even in nonmetropolitan areas this percentage has declined from almost 14 percent in 1950 to 8 percent in 1979.

Although agriculture is not the primary employer of rural people nationwide, in nearly 700 counties located mainly in the Great Plains and Corn Belt, one-fifth or more of labor and proprietors' income was derived from agriculture in 1977-79. No other single industry is as important a source of labor and proprietors' income in as large a grouping of rural counties. However, the decline in the relative role of agriculture is dramatically illustrated by the fact that in 1950 over 2,000 counties had a similar dependence on agricultural income (Hoppe, 1981).

In contrast, manufacturing accounts for nearly one-quarter of all nonmetropolitan employment, trade and government for one-sixth each, and services for 11 percent. While these "nontraditional" industrial categories now account for a larger proportion of nonmetropolitan employment than before, the change has been a gradual evolution, not a recent and dramatic shift. In 1950, for instance, manufacturing was already a major rural employer, accounting for a fifth of all nonmetropolitan jobs (Zuiches and Brown, 1978).

Most observers have characterized these changes in the industrial structure of rural America as a process of diversification. That characterization is accurate for rural areas taken as a whole, but it can be seriously misleading when applied to individual rural areas. Rural economies are sufficiently small that the process of development does not lead typically to sectoral diversification in particular communities. At the county level, for example, one finds few economies with a "balance" of agriculture, mining, manufacturing, services, and government. Instead, one finds that many of these activities tend to concentrate in separate locations. In fact, the extent to which rural areas appear to "specialize" in

particular kinds of economic activities provides an important insight into the possible future direction of rural policy. We will return to this point later.

An additional observation on the interpretation of broad industrial classification summaries may be useful. Such summaries, for example, manufacturing, hide many important compositional differences. Unpublished data from the Bureau of Economic Analysis show that in 1979 low wage labor-intensive industries such as textiles, apparel, leather, and lumber products accounted for about one-third of all nonmetropolitan manufacturing employment, but nearly one-half of nonmetropolitan manufacturing employment in the South. Although these percentages are lower than a decade earlier, they do suggest that the future performance of rural manufacturing employment may differ significantly among regions. The South is especially likely to face more serious foreign challenges to sustain a significant portion of the industrial employment it successfully attracted in the past thirty years.

Income and Poverty

The ratio of nonmetropolitan to metropolitan income has increased significantly from previous decades, when dramatic differences in economic status were a major explanation of rural outmigration. In 1950, nonmetropolitan median family income was only two-thirds the metropolitan median. By 1970, nonmetropolitan median family income had increased to $16,000, nearly 80 percent the metropolitan figure. In fact, this ratio of nonmetropolitan to metropolitan income was achieved by 1973, and there has been no subsequent narrowing of the gap. The improved nonmetropolitan income situation is related to increased formal educational attainment, industrial growth and diversification, off-farm employment by farm family members, increased labor force participation by rural women, reduced discrimination against racial minorities, and the growth of government transfer programs (Brown and O'Leary, 1979; Brown, 1978; Fratoe, 1978; Smeeding, 1977). Despite the narrowing of metro-nonmetro income differences, rural problems persist. Rural America continues to have a disproportionate share of the poverty; 34 percent of the nation's poor people reside in nonmetropolitan counties compared with only 28 percent of the nation's total population (U.S. Census, 1980).

A dramatic indicator of the persistent gap between metropolitan and nonmetropolitan income levels is that nearly all of the poorest counties in the United States are nonmetropolitan. In fact, of the lowest income decile in 1950, fewer than 20 percent of the counties have succeeded in escaping that income category by 1979 (Hoppe, 1983).

Rural poverty is not uniformly distributed among regions or components of the rural population. Nearly 60 percent of the rural poor live in the South, where 21 percent of the rural population failed to earn incomes above the official poverty level in 1981. The incidence of southern rural poverty is like that in many older, larger cities, for example, Detroit, Chicago, Boston, and Baltimore. However, rural poverty is not restricted to the South. A large number of rural counties in the Northeast have substantial poor populations, but they do not have a high incidence of poverty (Deavers and Brown, 1979).

Rural poverty falls disproportionately on minorities; 42 percent of nonmetropolitan Blacks (more than 10 percentage points higher than for metropolitan Blacks) and 28 percent of rural Hispanics were poor in 1981. This far exceeds the figure for Whites (13 percent) although Whites, because they are a majority of population, constitute a numerical majority of the rural poor. The incidence of rural poverty is almost 20 percent among elderly households and over 40 percent for households with a female householder and no husband present.[2]

An often neglected fact is that many rural families work very hard but are still unable to earn enough to rise from poverty. In 1981, almost 70 percent of nonmetropolitan poor households contained at least one worker, and almost one-third had two or more members in the workforce. Work-limiting disability figures importantly in low rural income. Over 10 percent of labor force age rural persons identify themselves as having such disabilities, and the proportion increases to almost 15 percent in persistently low-income counties.

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2. Recent research at the Institute for Research on Poverty, University of Wisconsin, demonstrates that adjusting the money income of the elderly for durable assets, tax advantages, and household size and composition significantly reduces the differences in their economic status relative to that of younger persons (Danziger, et al., 1982).

In most post-World War II recessions, rural workers have fared somewhat better than their urban counterparts. For example, during the recession of 1974-75, nonmetropolitan workers had consistently lower unemployment rates than their metropolitan counterparts, although the nonmetropolitan rate exceeded the metropolitan rate at the recession's peak for one quarter in 1975. In contrast, the nonmetropolitan unemployment rate has consistently exceeded the metropolitan rate during the current recession. In 1982, the nonmetropolitan annual average unemployment rate was 10.1 percent compared with 9.5 percent in metropolitan counties.

Adjustments for discouraged and part-time workers, both of whom are a larger percentage of the nonmetropolitan labor force, would increase the nonmetropolitan disadvantage even more. This reversal is doubtless related to the continuing evolution of the rural economy, and its increasingly close ties with the U.S. and world economies.

The income effect of recession-related reductions in employment opportunities is dramatic. The nonmetropolitan poverty rate decreased from 19.2 percent (11.9 million persons) in 1970 to 15.4 percent (8.6 million persons) in 1980, but increased to 17.0 percent (12.5 million persons) by 1981.

In summary, metro-nonmetro income differences have diminished, but persistent gaps remain. Poor people in rural America have many forms of disadvantage--poor housing, low educational attainment, few marketable vocational skills, poorer health, and higher rates of work-limiting disability (McCoy and Brown, 1978). In addition, they frequently live in isolated communities that lack enough local resources to support needed facilities and services. These communities chronically underinvest in human capital and facilities--inadequate educational opportunity, poor health care, substandard housing, lack of public water and sewer systems, and other such conditions are prevalent. The chronic underinvestment in human and community resources in poor rural areas constrains many individuals from improving their economic condition.

Rural Diversity

Classification of Rural Counties

Our ordinary use of the word "rural," and the way we divide urban and rural territory, captures enormous diversity within the rural category. Documentation of the many dimensions of rural diversity has been a major theme or recent research (Brown and Beale, 1981). Researchers have been quite successful in making rural diversity a part of the public knowledge base from which discussions of policy and programs for rural development derive (Deavers and Brown, 1979; USDA, 1983). Unfortunately, some participants in the dialogue on rural policy have drawn the inappropriate conclusion that every rural area is so different from every other rural area that there is no need for (indeed no real possibility of) national rural development policy and programming. The Economic Development Division of the Economic Research Service has embarked on a research project aimed at providing new social, economic, and political content to our categorization of places as rural. We believe that most rural areas can be aggregated into a handful of types and that this categorization will contribute to a better understanding of commonality as well as diversity among rural areas. The power of such a classification scheme is the ability to capture a substantial amount of comparative social, demographic, and economic detail about rural places. We believe that focusing on a relatively small number of county types, rather than on the full range of individual rural conditions, overcomes the conclusion that all rural areas are fundamentally different from each other. The classification scheme should provide increased understanding of the sociodemographic and economic setting within which particular public policies and programs work. This, in turn, should increase understanding of which policies and programs are likely to be most important in future rural development.

We are currently experimenting with a seven-category scheme. Most categories derive from an area's dependence on particular broad classes of economic activities--agriculture manufacturing, mining, and government. The scheme also contains social dimensions--persistent poverty and the growth of retirement population. The proportion of land in federal ownership comprises the final class.

These seven categories do not contain all nonmetropolitan counties and they are not mutually exclusive. But nearly 75 percent of them (1,782) are included, and overlap among the county classes is not great (table 2). The largest pairwise overlap among the seven county types is the forty-three agricultural counties that are also categorized as persistent poverty counties.

Definition and Geographic Location. We have limited our attention in this paper to the four county types that are directly concerned with natural resource dependence and poverty--agriculture, mining, federal lands, and persistent poverty. The categories are defined as follows:

- o Agriculture: Twenty percent or more of labor and proprietors' income derived from agriculture in 1977-79 and in selected time periods since 1950 (N=656 nonmetropolitan counties)
- o Mining: Twenty percent or more of labor and proprietors' income derived from mining (N=199 nonmetropolitan counties)
- o Federal lands: At least one-third of a county's land in federal ownership (N=245 nonmetropolitan counties)
- o Persistently low-income: In the lowest quintile of nonmetropolitan income in 1949, 1959, 1969, and 1979 (N=242 nonmetropolitan counties).

Agricultural counties are concentrated in the Great Plains (both northern and southern) and in the western Corn Belt. Small groupings are located in the Pacific Northwest and California, and in the Piedmont, Black Belt, Delta, and Ozark subregions of the South. Mining counties are concentrated in Appalachia, Texas, Oklahoma, and the Louisiana Gulf Coast, the Northern Great Plains, the Rockies, and the Southwest. Most federal land counties are located west of the Great Plains, although federal ownership of land is notably low in northern Oregon and in Washington State, except for its northern tier of counties. A few federal land counties are located in Appalachia and in the Ozarks. Ninety-two percent of persistently low-income counties are in the South. They are concentrated in Appalachia, the Black Belt, the Delta, and in the Ozark-Ouachita Plateau. A few low-income counties are scattered in the Southwest and the Northern Plains, reflecting the location of American Indian and Hispanic populations.

Table 2. Pairwise Overlaps Among County Classes

County pairs	Frequency
Farming-federal lands	22
Farming-poverty	43
Farming-mining	10
Farming-government	32
Federal lands-poverty	5
Federal lands-farming	36
Federal lands-government	39
Poverty-government	24
Mining-government	3
Total overlaps	228

Comparative Profile of County Classes

Demographic. The four categories of counties of particular interest to this paper are smaller and less urbanized than all nonmetropolitan counties taken together (table 3). Farm counties and persistently low-income counties have especially sparse populations. In neither category do even 5 percent of counties contain a place of 10,000 or more population. The mining and federal lands categories are more highly urbanized, but still sparse compared with the total rural sector. The four county groups are also relatively isolated from nearby urban influence. Less than one quarter of federal land counties are adjacent to an SMSA and less than one-third of farming and persistently low-income counties are so located. The figure for all nonmetropolitan counties is almost 40 percent. Only the mining category comes close to this level of adjacency. Similarly, all four categories have a low level of access to the interstate highway system when compared to the norm for all nonmetropolitan counties taken together.

All four categories experienced substantial acceleration in their rates of population growth compared with the previous decade. In fact, three of the four county classes had a population decline during the 1960s and are now experiencing growth. This reversal is particularly notable in the mining and persistently low-income classes. Farm counties improved from minus 7 percent during the 1960s to an increase of 4 percent during the 1970s and federal land counties improved at a modest growth rate of 8

Table 3. Comparative Profile of County Classes

Attribute	Nonmetro total[a]	Farming	Mining	Federal land	Persistent poverty
Number of counties	2,424	656	199	245	242
Total population-1980 (000)	63,002	7,851	3,822	5,143	3,672
Demographic and locational:					
Mean population-1980 (000)	26.0	12.0	20.0	22.1	15.1
Percent population change (1970-80)	14.6	4.1	21.6	33.9	14.3
Percent population change (1960-70)	1.2	-6.9	-3.3	8.3	-3.5
Percent with city of 10,000(+)-1970	21.4	3.8	11.6	17.1	1.7
Percent adjacent to SMSA	39.4	30.3	35.7	23.3	30.6
Percent with interstate highway 1970	21.3	13.6	14.1	17.1	14.5
Income distribution:					
Median family income-1979 (dollars)	15,778	15,010	17,019	16,716	11,923
Percent individuals in poverty-1979[b]	15.2	17.5	16.4	13.6	28.3
Economic structure 1978:					
Percent of income from:					
Agriculture	15.2	33.3	6.5	11.1	14.6
Manufacturing	20.5	10.5	7.9	15.7	22.7
Mining	4.8	2.2	35.7	8.4	4.3
Government	16.8	15.6	13.5	20.9	20.6
Human capital:					
Percent completed high school-1980	57.6	58.3	56.0	68.6	41.9
Employment-to-population ratio-1980	39.1	39.4	37.7	39.5	33.2
Percent work-limiting disability-1980	10.3	9.6	10.7	9.7	14.6
Percent nonwhite-1980	11.3	8.9	7.5	7.3	26.3
Percent 65 years (+)-1980	14.0	15.7	11.5	11.3	13.5

Sources: 1970 and 1980 censuses of population; unpublished data from the Bureau of Economic Analysis.

[a] Nonmetro status as of 1974.

[b] Noninstitutionalized individuals.

percent during the 1960s to an incredibly high rate of 34 percent between 1970 and 1980.

Income Distribution. Families in the three natural-resource-based county classes earned income near or above the average for all nonmetropolitan counties. Farm counties lagged slightly behind the nonmetropolitan norm of $15,000, but mining and federal lands counties exceeded the norm by about $1,000. In contrast, persistently low-income counties lagged behind the nonmetropolitan norm by about $4,000. Similarly, the three natural-resource-oriented county groups are generally comparable to all nonmetropolitan counties in percentage of persons in poverty--about 14 to 18 percent. In contrast, over one-quarter of the individuals in persistently low-income counties failed to earn enough income to exceed the official poverty line.

Economic Structure. Economic structure is measured here by dependence (proportion of labor and proprietors' income) on particular industrial sectors--agriculture, manufacturing, mining, and government. An average of one-third of labor and proprietors' income is derived from agriculture in the 656 agricultural counties. This is twice the level of agriculture dependence of all nonmetropolitan counties taken together. In contrast, mining and federal land counties are below the national norm in agricultural dependence. Persistently low-income counties are average in dependence on agriculture as a source of income.

As one would expect, the three natural resource county groupings are below the national average in dependence on manufacturing. However, mining and farming counties are especially low with only 8 and 11 percent of income from manufacturing respectively, compared to the nonmetropolitan average of 21 percent. Persistently low-income counties are slightly more dependent on manufacturing than is true of all nonmetropolitan counties taken together (23 percent).

Mining comprises a relatively small proportion of nonmetropolitan income, less than 5 percent nationwide. However, over a third of labor and proprietors' income is from this source in mining counties. While over 8 percent of income is from mining in counties with a high level of federal ownership of land, mining accounts for only a very small proportion of income in farming and persistently low-income counties.

One in six dollars of labor and proprietors' income is derived from government employment in nonmetropolitan America. Dependence on this source of income is especially great in federal land and persistently low-income counties, where over 20 percent of income is from government employment. In the former, this probably reflects the importance of federal land, water, and other resource management activities, and in the latter the management of social welfare programs. Farming and mining counties are somewhat less dependent on the government sector, but not dramatically so. Even in these areas, almost 1 in 6 dollars of income is from government employment.

Human Capital. The natural-resource-based county groups are quite similar in their socioeconomic composition. All have relatively high levels of formal educational attainment, about six in ten adults have completed high school; about 40 percent of the population in each county class is employed; and about 10 percent of labor-force-age persons report a work-limiting disability. These figures are all comparable to nonmetropolitan areas taken as a whole. However, the natural resource classes are somewhat different than all nonmetropolitan counties in age and race composition. Mining and federal land counties are substantially younger and farm counties slightly older than the total nonmetropolitan population. The percentage of nonwhite persons is lower in all three natural resource categories than the nonmetropolitan norm. Overall, these population characteristics appear to contribute to the relatively high levels of family income in natural-resource-based counties.

In contrast, persistently low-income counties have a distinctly different population profile. Only four in ten adults have completed high school, only one-third of the population is employed, and almost 15 percent of the labor-force-age population has a work-limiting disability. Over one-quarter of the population in persistently low-income counties is Black. It seems clear that this distinctly different population profile in low-income counties contributes to their high rate of poverty.

Toward an Explanation of Intercounty Variation in Post-1970 Population Change and Income Level

Population Change

The events of the 1970s have caused us to reconsider traditional explanations of interarea variation in population change. These explanations of earlier differential rates of population growth among areas concluded that growth is more probable in areas that: (a) had been previously growing, (b) had a relatively high level of urbanization, (c) had relatively easy access to nearby larger places, (d) had a relatively large proportion of their economy involved in manufacturing activities, (e) had relatively high levels of income and other indicators of socioeconomic status, and (f) were located outside of the South.

Recent demographic research has shown that the direction of relationships between demographic, locational, and economic base factors and population change have generally remained the same during the last three decades, but the explanatory power of these relationships has diminished over time. For example, Lichter and Fuguitt (1982) demonstrated persistent positive, but increasingly weak, effects of population density, high level of urbanization, adjacency status, and interstate highway location on rural growth. They also showed persistent positive but diminished effects of manufacturing and recreation employment and weakened negative effects of agricultural employment on rural growth. The fact that these traditional demographic and economic base variables explained much less of the intercounty variation in rural population change during 1970-75 than in 1960-70 or 1950-60 suggests that other, "nontraditional" explanations have become relatively more important in recent years.

Some other research has demonstrated a reversal of the direction of causation between rural population change and certain explanatory variables. Beale (1977) showed that employment in manufacturing and level of urbanization reversed from positive to negative between 1960-70 and 1970-75. And Heaton, Clifford, and Fuguitt (1981) showed that median family income was positively related to rural migration of persons under sixty-five years of age during 1950-60 and negatively associated in 1960-70 and 1970-75. Location in the southern region also reversed from negative to positive (Lichter and Fuguitt, 1982).

The ordinary least squares regression of the effects of county characteristics on population growth during 1970-80 is presented in table 4. Three types of explanatory variables are included: (a) demographic and locational, (b) economic base, and (c) population composition-socioeconomic status. The analysis is performed for all 2,424 nonmetropolitan counties taken together, for the three categories of natural-resource-based counties, and for persistently low-income areas.

The mean rate of population growth among nonmetropolitan counties was 14.6 percent during the 1970s, with a standard deviation of over 20 percentage points.[3] It is this variation among nonmetropolitan counties, and among counties within the four nonmetropolitan categories, that we are attempting to explain in this analysis. We explain almost half of the intercounty variation in population change in all nonmetropolitan counties and in farming and persistently low-income areas, and about 20 to 30 percent of the variance in the mining and federal lands categories. This is comparable to previous research, but still indicates that the variables we have included in our equations, the way in which we have measured them, or both, leave much of the explanation to be accomplished by future research. For example, our analysis includes nothing on amenities or quality-of-life considerations, factors that have been shown to be important in some previous analyses of rural migration (Heaton, Clifford, and Fuguitt, 1981). Still, our analysis does a fairly good job of identifying factors related to rural population growth during the 1970s.

Demographic and Locational Factors. All six of the demographic and locational variables contribute to the explanation of post-1970 rural population change. However, the magnitude of some effects, and sometimes their direction, vary among the county types. The positive relationship between population change during 1960-70 and change during the 1970s is by far the strongest in our analysis. This is true for the total nonmetropolitan sector and in two of the four county types. Level of urbanization (percentage with a city of 10,000+) has a generally consistent negative

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3. This rate differs from that contained in table 1 since this is the unweighted mean of the rates for all counties, while that in table 1 is the aggregate rate for the entire nonmetropolitan category.

Table 4. Effects of County Characteristics on Population Growth of Nonmetropolitan Counties, 1970-80[a]

Independent variables	County class				
	Nonmetro total	Farming	Mining	Federal lands	Persistent poverty
Demographic and locational:					
1. Percent population change-1960-70	.393*	.390*	.119*	.247*	.246*
2. Percent with city of 10,000+	-.139*	-.039	-.100**	-.090	.051
3. Retirement county[b]	.160*	.191*	.196*	.115**	.183*
4. Adjacent to SMSA	.042*	.181*	-.107**	.100**	.139*
5. Percent with interstate highway in 1970	.036**	.029*	-.155*	-.032	.012
6. South/west region	.292*	.319*	.139*	.150*	-.005
Economic base:					
7. Percent of income from agriculture-1970	-.271*	-.077**	-.356*	-.218*	-.160*
8. Percent of income from mining-1970	-.039	.034	-.309*	-.248*	-.070
9. Percent of income from manufacture-1970	-.174*	.096**	-.209*	-.326*	-.132*
10. Percent of income from government-1970	.025	.163*	.033	-.119**	.038
Population composition-socioeconomic status:					
11. Median family income-1969	.043	.042	.088	.121**	.022
12. Percent nonwhite-1970	-.113*	-.099*	.046	-.065	-.442*
13. Percent 65+ -1970	.025	.001	.037	.023	-.020
$\bar{R}^2$	.468	.506	.217	.288	.487
N	2,424	656	199	245	242

* = significant at .01
** = significant at .05

[a] Standardized regression coefficients.

[b] 0-1 variable with low rate (less than 10 pct. in migration at age 65 in 1960-70) of elderly migration as a reference.

effect across the county types. The analysis shows that population growth tended to be greater in less urbanized counties during the 1970s. While four of five county classes share this negative coefficient, it should be noted that the coefficient is statistically significant in only the total nonmetropolitan and mining categories. Being a retirement county (having 10 percent or higher rate of net migration of persons 65 or older during 1960-70) is also positively related to the 1970-80 rate of population growth. Retirement-county status is an important determinant of post-1970 population growth in all of the county classes.

Locational factors also have relatively consistent effects on rural population growth. In most cases the rate of growth was greater in counties adjacent to SMSAs, in counties that had an interstate highway within their borders, and in counties located in the South or West. Several exceptions should be mentioned. Mining counties tend to grow less rapidly when they are located near an SMSA, and access to an interstate highway is statistically significant in only two cases--total nonmetropolitan and mining. Also, a southern-western location does not contribute to the explanation of differential growth among low-income counties, but this is because nine of ten of these counties are located in the South.

Economic Base Factors. Dependence on natural-resource-related activities (agriculture and mining) has a consistent negative effect on population growth in nonmetropolitan counties. Interestingly, the strongest negative effect for mining is among mining counties themselves; for example, among counties with a high level of dependence on mining, the higher the dependence, the lower the rate of post-1970 population growth. Similarly, dependence on agriculture has a strong negative effect on population growth in agricultural areas. Dependence on mining is not statistically significant in the farming and persistent low-income categories. Population growth is significantly lower in counties with a high level of dependence on manufacturing. There is one notable exception--manufacturing activity bears a strong positive relationship to population growth in farming areas. Dependence on wage and salary government employment tends to be positively related to rural population growth, but it is statistically significant only in farming areas.

Population Composition-Socioeconomic Status. Wealthier areas and areas with lower levels of nonwhite population have been traditional growth

areas in rural America. Also, research indicates that retirement areas, i.e., areas with higher than average inmigration of elderly populations, have grown during the 1970s. The data in table 4 show that older age and median family income are positively related to rural population growth, but the relationships are very weak. Income is only significant in the federal lands category (and only barely so here), and the percentage of those over sixty-five only reaches statistical significance in the total nonmetropolitan equation (where N>2,000 counties). These factors do not contribute very much to our understanding of rural population growth. In contrast, the percentage of nonwhites bears a consistent negative relationship to growth. This is all the more persuasive since region is controlled in the analysis and most rural Blacks live in the South. The "race effect" is particularly strong in farming and persistently low-income counties.

We have accomplished a relatively consistent identification of demographic, locational, economic base, and socioeconomic factors associated with post-1970 population growth in nonmetropolitan counties and in natural-resource-based and persistently low-income areas. Our explanation is by no means complete, but we have identified major factors in growth and discussed change compared with the recent past.

Among all nonmetropolitan counties, population growth is higher in areas that were previously growing, are classified as retirement counties, have access to an SMSA and to the interstate highway, and are located in the South or West. Conversely, growth tends to be less in counties that are highly urbanized; depend on agriculture, mining, or manufacturing for a large proportion of personal income; and in which Blacks constitute a relatively large proportion of the population. The positive associations with previous growth experience, access to SMSA, and access to transportation, and the negative associations of race and dependence on natural-resourcebased industries are consistent with traditional explanations of rural population change. However, the positive associations between population growth and regional location in the South, and the negative relationships between population growth and level of urbanization and dependence on manufacturing are a break with past explanations.

There are some notable exceptions to this overall pattern among the specific county types, but in general, their post-1970 growth experience is determined by factors similar to those in the entire nonmetropolitan

sector. Among the notable exceptions is the fact that government and manufacturing are sources of growth in agricultural areas; mining areas grow more rapidly if they are not adjacent to an SMSA; and federal lands counties have a lower rate of growth where dependence on government is relatively low. The positive association between manufacturing and population growth in agricultural areas is an anachronism today. In earlier times most of rural America was dominated by agriculture, and manufacturing differentiated growing from declining areas. We expect that the growth effect of manufacturing in agricultural areas probably works through off-farm job opportunities for farm family members. But analysis of this awaits availability of the 1980 Census microdata. The direction of determinants of growth among persistently low-income counties is consistent with the direction of determinants of growth among all U.S. counties, but several factors fail to attain statistical significance in the low-income analyses level of urbanization, access to interstate highway, region, and dependence on mining.

Income Level

So far as we know, there has been less recent research attention focused on interarea differences in income levels. Nevertheless, the economic development literature consistently argues that some measure of income, preferably one that has a distributional component, is a more appropriate way to assess levels of development than measures of aggregate economic activity or growth alone. And, absent satisfactory proxies for other dimensions of social and economic well-being, income is often used as the sole indicator of development.

Central place theory provides a strong basis for believing that urbanization and position in the urban hierarchy have an important effect on development. Similarly, economic base theory suggests that the sectoral composition of economic activity will affect the income levels that are achieved. As the data in table 5 show, we have measured location in economic space by urbanization, adjacency to an SMSA, and location in the southern region. Our measures of economic base are percentages of labor and proprietors' income from agriculture, manufacturing, mining, and government. In the analysis of intercounty income variation for all nonmetropolitan counties, all of these variables are significant except for

Table 5. Effects of County Characteristics on Intercounty Variation in Median Family Income, 1979[a]

Independent variables	County class				
	Nonmetro total	Farming	Mining	Federal lands	Persistent low-income
Location					
1. Percent urban-1980	.109*	.101*	.176*	.226*	-.110*
2. Adjacent to SMSA	.167*	.213*	.063*	.058*	.112*
3. South	.025	.064*	.041	-.152*	.182*
Economic base					
4. Percent of income from agriculture-1978	-.124*	-.185*	-.138*	-.156*	-.190*
5. Percent of income from manufacture-1978	.103*	.057*	-.069**	.163*	.070
6. Percent of income from mining-1978	.154*	.060*	-.038	.219*	.144*
7. Percent of income from government-1978	-.084*	-.219*	-.291*	.036	.011
Demographic and human capital					
8. Percent high school graduate-1980	.356*	.442*	.430*	.187*	.364*
9. Employment-to-population ratio-1980	.270*	.142*	.244*	.350*	.399*
10. Percent reporting disability-1980	-.197*	-.150*	-.080	-.049	-.256*
11. Percent 65+ -1980	-.115*	-.121*	-.128*	-.158*	-.055
12. Percent nonwhite-1980	-.102*	-.132*	-.078*	-.126*	-.049
$\bar{R}^2$	.727	.665	.790	.761	.569
N	2,424	656	199	245	242

* = significant at .01
** = significant at .05

[a]Standardized regression coefficients.

the region; and all of the variables have the expected sign. (We had no a priori basis for expecting the sign of the government variable to be positive or negative, except that we do know that government jobs tend to pay relatively low wages.)

The remainder of our model of area income determination owes less to theories of regional science than to work on human capital--explaining income differences by educational attainment, employment status, disability, age, and race. Again, table 5 indicates that all of these variables are significant for nonmetropolitan counties taken as a group, and all have the appropriate sign. Our model of interarea income explains over 70 percent of the observed variation in median family income levels among this group of counties. In fact, only for the persistently low-income counties does the model's explanatory power fall significantly below this level.

Comparison of County Groupings. Results of the income model are sufficiently consistent across the county groupings that there are few notable exceptions. However, some observations are in order. For example, for the farming counties it is somewhat surprising to find the strong negative association between their family income levels and their dependence on farm income. While the farm counties as a group do not lag seriously behind all nonmetropolitan counties in income level, it clearly remains the case that agricultural dependence carries with it many developmental risks.

We are frankly at a loss to explain the large negative association between dependence on government and income levels in farming and mining counties. But this finding, combined with the strong positive effects of government dependence on population growth in the farming group and positive (although not significant) association for mining counties suggest that we need a much better understanding of the composition of income and the activities that make up the governmental sector. While we have not produced a map of the governmental county grouping for this paper, the way in which these counties are spread across the rural landscape defies any easy generalization. However, two things seem clear. In most of the counties with a dependence on government, that dependence results from some federal or state activity. Because such activities are largely administrative, their location is determined by a process of political concensus-building, not by marketplace factors.

Perhaps the most surprising findings in our income modeling effort are for the persistently low-income counties. Contrary to our expectation, and to the findings for all nonmetropolitan counties and the natural resource groupings, urbanization is negatively associated with income levels for the persistently low-income group. Equally difficult to understand is why the age structure variable is not significant in explaining differences in income among the persistently low-income counties. The lack of an association between the percentage of nonwhites and per capita income also appears to be counterintuitive, but is probably the result of the persistently low-income category (including counties with both a very high and a very low proportion of Black population). This cancels out the race effect in the regression. That the persistently low-income counties have been largely outside the mainstream of development for thirty years certainly suggests that they are somehow different. But many of the summary statistics for them are puzzling, as are a number of the regression results we obtained. If future rural policy chooses area-wide rural poverty as one of its focuses, we will need a much better understanding of why these places are so resistent to change.

Conclusion

Summary of Findings

The past fifteen years have been a period of rapid growth and development for many of the cities, smaller towns, and open country areas of rural America. Personal income levels in rural areas have risen to about 80 percent of those in urban areas (while appropriate cost-of-living adjustment would probably narrow the gap even further), and large numbers of better rural jobs have been created. Along with this there has been enormous investment in new public and private infrastructure to serve rural people. Given such a sustained period in which rates of population and employment growth for rural areas have been substantially greater than for urban areas, it seems inappropriate to use the rhetoric and assumptions of the 1950s and 1960s as a rationale for future rural policy.

Over one thousand counties have a continuing dependence on natural resources, as measured by agriculture, mining, and federal land holdings (about 42 percent of all rural counties). In total they contain less than

25 percent of the rural population. Thus, these counties are sparsely settled in comparison to all rural counties. They are also less likely to be adjacent to an SMSA and relatively less likely to have access to the interstate highway system. Of the natural resource counties, only those with a dependence on farming trailed all nonmetropolitan counties in median family income as of 1980. And farming counties lagged less than $1,000 behind. More important for purposes of this paper is the fact that the three groupings of natural resource counties had poverty rates comparable to all rural counties. Clearly, natural resource dependence is not an important correlate of area income level or incidence of poverty in rural America in the 1980s. It is equally unsatisfactory in explaining the recent population growth experience of rural counties, with the notable exception of farming, which continues to be associated with net outmigration from rural areas.

In contrast, persistently poor rural counties do not have a unique economic base profile; they are very similar to the all nonmetropolitan county average. Several poor rural counties are agriculturally dependent by our measure (43), still others are mining (14) and Federal lands (5) counties. But many others are dependent on manufacturing and government (45), or are areas with a significant inmigration of retired population (18). What differentiates persistently low-income counties is their population profile and location, not their economic base. Most important in that profile appears to be low levels of schooling, a high percentage of the working age population who identify themselves as having a work-limiting disability, a southern location, and the relatively large percentage of dependents (old and young combined). They also have a percentage of Black population more than double the average for all nonmetropolitan counties.

Rural Policy Directions

We remain impressed by the diversity of conditions in rural America. At the same time, we are encouraged by initial results of efforts to classify rural counties--to provide a different perspective on the social, economic, and political meaning of "rural" in the 1980s, thereby improving the knowledge base for future policy and program development. For example, it seems clear from the early work on classification that many rural areas tend to have quite specialized economic bases. In such a situation it is

apparent that no single sectoral policy will be appropriate in assisting the future development of rural areas. Increasingly, it is the nonagricultural character of much of rural America that is shaping the future (certainly it was at the heart of the population turnaround of the 1970s). This presents a very different setting for development and employment policies than was the case twenty to thirty years ago. A development policy intended to address the needs of the entire rural and small town population will not succeed if focused primarily on farming and agribusiness.

Federal policy designed to assist rural people and areas has been a response to perceived and actual rural disadvantage. The picture of rural America, with many of its citizens poor, undernourished, undereducated, ill-housed, and denied access to essential public facilities and services was painted vividly by the President's Poverty Commission in its 1968 report, The People Left Behind. While poverty remains a serious problem for many rural Americans, there has been enormous social and economic progress. Thus, generalized assistance to rural areas based on an assumed universal disadvantage seems inappropriate.

Rural areas in which low personal and family income are so endemic as to be reflected in areawide data are relatively few in number and geographically concentrated. The persistently low-income counties represent one delineation of such areas. In these areas, the rural poor are confronted by a lack of adequate human and community facilities and are relatively isolated from other areas that have such facilities. In many cases rural institutions--particularly governmental--are unable or unwilling to provide needed assistance and support for change. Given the distinct population profile of these low-income areas (low level of formal education, high degree of work-limiting disability) we wonder how much of the problem it is reasonable to expect to solve through public or private development efforts alone. Even if they are carefully targeted, most development programs expect their principal benefits to occur through the creation of more and better job opportunities.

All of the welfare reform proposals considered in recent years would have established national minimum payment standards. They would also have made numerous changes in asset qualification requirements and assumptions about family status and labor market status that would have benefited rural

residents. For many of the rural poor, especially those in low-payment-level states and chronically disadvantaged areas of the South, welfare reform is a key element of federal rural policy. No other single policy action would have as immediate and obvious consequences for their well-being--in terms of their ability to obtain the goods and services essential to a decent level of living.

Our analysis provided no convincing evidence that dependence on natural-resource-based activities is an important constraint to population growth. Dependence on farming or mining has a negative effect on population change in the regression analysis, but research presented elsewhere (Lichter and Fuguitt, 1982) has demonstrated that this negative effect has been diminishing over time. In addition, the three natural-resource-county classes all have positive rates of post-1970 population change and two of them reversed from decline in the 1960s. So, from an aggregate perspective, dependence on natural resources appears to be a diminishing disadvantage to community growth. Similarly, our analysis does not provide clear evidence that natural resource dependence is negatively related to the level of community income. Agricultural dependence does have a negative regression effect on income level, but the median family income or poverty rate of agricultural counties is not substantially different from all nonmetropolitan counties. And in the other two natural resource county classes, income is higher and poverty lower than in the total category. However, individual-level analysis might show that rural households with a substantial proportion of income from natural-resource-related pursuits might have particular problems meriting specific attention. Investigation of this hypothesis awaits analysis of micro data from the 1980 Census.

For the past twenty years, the principal justification for federal rural development programs has been conditions of rural disadvantage. Partly as a consequence of those programs, but largely because of general economic, demographic, and other changes, conditions of rural disadvantage have lessened significantly. In addition to improved incomes, rural citizens have benefited from improvements in transportation, communication, housing, and the like. Despite this, rural poverty persists--among a disproportionate share of our rural citizens and in large concentrations in a few areas. What this paper suggests, popular perceptions not withstanding, is that the connection between rural poverty and natural resource

dependence is weak overall. It is not appropriate, however, to conclude that natural resources and poverty are unrelated, or that natural resource policies might not be an appropriate component of rural development policy for some poor areas and individuals. It does suggest that identifying natural-resource-dependent areas is an inefficient way to find rural poverty, and probably not very instructive about the rural development programs which might ameliorate the problems of the rural poor.

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COMMENTS ON THE DEAVERS AND BROWN PAPER

by Ronald C. Powers

Introduction

It is my pleasure to respond and react to the paper by Kenneth Deavers and David Brown. It should be understood that this is not a critique of the paper, per se; it is a sharing of thoughts, reactions, and impressions which the paper stimulated me to think about. I have chosen to share these points hoping that they will stimulate far-reaching discussion of this initial paper in this conference, which is dedicated to exploring the relationships between natural resource policy and the incidence of rural poverty.

I am responding to this paper less from the viewpoint of a person directly involved in analysis of data and modeling of rural social, political, economic, and natural resource systems and more from the viewpoint of a person who has been involved in developing programs, assisting with programs, and encouraging networks of research and extension faculty to try to improve the social and economic well-being of rural people. I should add that I also respond to the paper from the viewpoint of an observer of rural areas primarily in the Midwest. One's upbringing and work experiences in the Corn Belt and Great Plains, with their particular patterns of property rights, wealth holding, and natural resources, are likely to introduce some bias. The Midwest is really the first area of this country to have been settled under the terms of policies such as the Homestead Act, Railroad Act, and others that were specifically designed to affect the economic opportunity of people and, indirectly, to affect the use of the natural resource base.

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Objectives of the Deavers and Brown Paper

The purposes of the Deavers and Brown paper were to: "(1) place the changes of the 1970s into a broad historical perspective and (2) develop a general framework within which to consider the influence of natural-resource-related activities on development." Did the authors succeed? My initial reaction is to say yes and no. I interpret their effort to have a kind of good news-bad news outcome--analytically speaking.

The good news is that they have brought together some data to challenge the long-held perceptions about the correlation between the natural resource base and the incidence of poverty and the correlation between the ratio of agricultural activity and economic well-being. The bad news is that the analysis is comparable to the kind of map you get from a car rental agency at an airport. The road map give you general directions, general knowledge of the positional relationships between phenomena (particularly if you've been there before), and identifies several major variables. This is what the authors' paper does. The road map does a poor job of identifying the scale and gives almost no idea of how to relate the paths for particular outcomes within some areas. This is also what Deavers' and Brown's paper does. Nonetheless, I construe the paper to be a useful hybrid between a full-blown conceptual framework and raw empiricism.

I would have liked to have seen a more developed model, identifying more clearly instrumental variables which potentially relate to the welfare function of reduced poverty. Data analysis placed within that framework would have been more useful. I recognize that that is no small task and may be asking more than is possible to deliver with the limitations of available data and our current knowledge of relationships between policy instruments and outcomes.

Having suggested some ambivalence about the paper, let me move to several specifics. They may not be well ordered and in the most logical flow, but they do represent initial reactions to the paper.

Specific Observations

As specific points are discussed, it is well to keep in mind that Deavers and Brown offer a tentative conclusion, namely, that while the population growth and income levels now depend less on natural resources than before, in much of the nation the natural resource base is still an important variable. In this tentative conclusion and their observations, they have "hedged their bets" about the possible relationship of natural resources to the incidence of poverty in rural areas.

I believe there are several natural resource variables of importance that they do not include and do not mention in their paper. These relate to income and the incidence of poverty. Among them are the following:

1. Property rights and property ownership. Lands that have extractive resource and lands that permit only a low level of productive use (such as rangeland in the West) are often in the hands of a few owners. In addition, it is not unusual for the owners to be absentee. The potential impact on income levels via low wages under these conditions is substantial. There is also the matter of the consumptive use of natural resources by people who use them for recreation, leisure, or for tax purposes. Consumptive natural resource use may have some interesting employment and income effects, and it certainly has an effect on opportunities for persons who presently have low incomes and limited natural resource control.

2. Variation of natural-resource-based productivity. Deavers' and Brown's analysis gives us an average measure of income level: percentage of income derived from all sources and classification of counties based on the largest source of income. But the value of the natural resource base and its productivity varies widely. One should not conclude that the difference in the natural resource base in a southern Iowa county and a north central county is unimportant in the income level, income growth, or per capita income. What one does see is a different income distribution (as well as income level) that is instigated by the characteristics of the natural resource base. It is possible that the natural resource base generates such a low level of income that the county is categorized as nonagriculture even though a high percentage of the area is in agriculture. These relationships are not examined nor are they adequately discussed in the paper.

3. Wealth. The question of wealth is partially related to the variable of property ownership. But the wealth patterns may have connections to other variables that are masked by the gross indicators used. I do not mean to overcriticize Deavers and Brown for not using wealth measures because they are very difficult to obtain. But from the standpoint of eventual formation of policy, it is fair to say that we just do not know enough about the wealth variable and its relationship to the productivity and use of natural resources, on one hand, and the impact which it ultimately has on personal incomes of those who do not have wealth and do not control the natural resource base, on the other.

4. Income measures. There is a significant problem in the aggregation of the income variables that produces the average income figure. For examination of policy issues related to rural poverty, it would have been desirable to have some income distribution variables available. It is quite possible that some counties in certain natural resource categories escape being classified as persistently low income because the distribution is such that the average income is high enough to avoid classification in the low-income category even though the distribution may be highly skewed to the upper end. This might especially be true in some natural resource areas dependent upon mining or forestry. The juxtaposition of some Indian reservations and county lines in the Southwest may also mask the income figures for some counties.

5. Consequences of past and present policies. A number of national policies have consequences that have a significant impact on population migration and income levels. Some of these effects are unintended, albeit not necessarily negative. To ignore the effect of such policies is risky business. Two or three items come to mind. Our social security system has allowed the elderly to make decisions about location of retirement that affect population patterns, service sector employment, and the use of natural resources. Land use, mining, and forestry policies (clean air, waste disposal, and the like) are causing the owners of these resources to do things they would not otherwise have done. Some of the effects may be positive on employment and income while others may be negative. Job bills usually are short term with the aim of putting money in the hands of the voters until after the next election. The effects on population and income are hard to trace, but one reason for the possible persistence of low-

income counties is because for political reasons we persist in policies that interfere with labor market forces.

6. Poverty-related policies. I am suggesting that the unexplained variance in Deavers' and Brown's analysis--which is substantial--is likely to be tied to many policy decisions, including natural resource policies. Sorting these out is nearly impossible and, in general, would be a practical waste of time because policy decisions have everything to do with politics and very little to do with a deep commitment to bringing about a fundamental change in the economic structure that would alter the income and wealth distribution of the society. Consequently, the focus on relationships between natural resource policy and the incidence of poverty is not likely to yield powerful means for reducing poverty. It is a reasonable hypothesis that the major, underlying reason for the persistence of poverty is that the policies are designed and implemented in such a way as to ensure the continuation of poverty among certain groups.

Another way of saying it is to suggest that the incidence of poverty and the policies related to reducing poverty and the way we use natural resources are all subject to the product of social power--and social power is not equally distributed.

Further Observations

All in all, I find myself in a dilemma with regard to the paper's central conclusion. I cannot wholly agree with the suggestions that the natural resource base is as weak a cause of population and income levels as implied; yet I want to argue strongly that policies related to the natural resource base and to retirement, pensions, and economic development do combine to determine the locational decisions of people and their economic well-being. I believe many locational decisions are because of the natural resource base, but those very decisions put many counties out of the natural resource class included in this analysis because the source of income changes, thus overriding the causality of the natural resource base.

On the further matter of assisting low-income counties, I would suggest an additional hypothesis related to the natural resource base. In many of those counties, productivity of the natural resource base is fairly low. The ownership may be in a few hands. The actual geographic space on

which many households are trying to eke out a living is too small in relation to the quality of the natural resource base. Part of this pattern of too-small a land area is accounted for in many of the persistently low-income counties by the way in which the areas were originally settled and the extensive degree to which minority landholders have lost and are losing title to a land base sufficient to generate the level of economic activity necessary to rise above the poverty line.

There is a general change in the dependency relationship between agriculture and community viability toward greater interdependency than ever before. The current structure of agriculture--which is a dual agriculture in most areas of the country involving small and large farms on an interspersed basis--is more dependent on the success of the community broadening its economic base than the community is dependent on agriculture for its well-being. The major policy implications that flow from this relate to the way farm-related interests in production, marketing, research, and education behave toward issues in rural development. Agriculture and rural development interests desperately need to work together. They are not presently doing so because dollars spent on community economic development policies and programs are perceived by agricultural interests to be subtractions from the issues of farm income and productivity. The pursuit of a single-sector policy is an inadequate base on which to improve the economic well-being of rural areas.

RURAL POLICY: AN INDEPENDENT VIEW

by Edward J. Blakely

The new opportunities and options facing rural communities pose a genuine challenge for policy makers. In a little more than two decades many rural areas have dramatically increased their population and improved their viability. Communities that were dying are now responding to the impacts of rapid and unpredicted population and economic growth. These new circumstances have not affected all rural places or small towns in the same way; in some cases, they have created unusual and perplexing problems of growth management while in others, small towns remain unaltered or continue to decline in terms of population and economic vitality. The reasons for this transformation are only now being subjected to in-depth analysis. Some scholars have attributed the change to the mere expansion of the urban pattern moving beyond the suburbs. Others suggest that the population change is the result of totally new forces in the economy, which are transforming formerly rural natural resource areas into the new venue for advanced technology industries. Finally, a few researchers maintain that the rural turnaround is a temporary aberration that will fade with diminishing governmental resources and a slowing economy.

In spite of widespread acknowledgment of the recent changes in rural areas, the implications of growth remain a mystery to many scholars, public officials, and others who are confused over the socioeconomic structure of low-density settlements far from major cities. What makes them tick? Who goes to small towns? Are they all old folks retiring, or hippies? Can you make a living in rural areas? What are the social, educational, and cultural attributes of small places? Do rural areas have more than agriculture or natural resources as their economic base? Where should rural development be targeted, if indeed rural areas are growing naturally? Is there any relationship between natural resources and rural community growth?

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These and a myriad of other questions have only been partially answered by the research completed to date. One reason researchers, policy makers, and interventionists have failed to explain the rural turnaround is related to the poor conceptualization of "rural." The official definitions of what is rural are not very helpful. Using county population as the measure of what is, or is not, rural leads to bizarre conclusions. For instance, Fresno County, California, one of the nation's largest and richest agricultural areas with a large number of small towns, is classified as entirely metropolitan because of the population of the county seat, the city of Fresno. Furthermore, efforts to define rural as depressed, isolated, or agricultural mask the unique qualities of rural as denoting places of low-density population or as small cities located away from urban centers.

Rural also lacks a conceptual model that helps us understand the new types of people, places, economies, and social institutions found in small towns. This lack leads to a paucity of useful language or vocabulary to express the salient features of the rural condition. Urban scholarship has developed a codified lexicon of metropolitanism. The inability to use a common base or point of reference with respect to rural has impeded scholarship in the past and it is an even more critical element in the current situation.

Despite the definitional and conceptual difficulties associated with current rural scholarship and policy, the opportunity and challenge of rural America makes it once again a frontier, this time a public policy frontier. Like any frontier situation it requires innovation--moving away from the concepts and methods of the past and adopting new techniques that are appropriate for the new situations. Risk taking in rural public policy is as important today as the social and physical risks taken by pioneers in settling the national wilderness.

The Nature of the Challenge

The recent rural development experience of small towns in the United States points to one key fact: if ever there were relative degrees of similarity among rural areas because of their common agricultural and natural resource heritage, they have broken down. Rural communities now, more than ever, differ from one another in terms of the path they are taking to join

the modern world. Some areas are forming a diversified economic base while others are experiencing boom-town growth with the expansion of a single industry. Some growing rural and small city areas are strongly dependent on the growth of a nearby metropolitan center, or they provide a convenient way-station between two metropolitan areas, while many other rural areas are developing independently from metropolitan influences. Some retain a strong agricultural and natural resource base and are building a manufacturing and service sector to complement it, while other areas have no trace of dependence on the land. Finally, nearly 400 nonmetro counties in the nation continued to experience population decline in spite of the fact that the vast majority of counties have seen population and economic gains.

Moreover, the diversity and variety do not follow many of the traditional boundaries of economic regions. Different parts of the broad census regions are greatly dissimilar from one another. For example Vermont is not as representative of New England as it might have once appeared. Furthermore, within every state there is a great deal of difference from one cluster of rural counties to another. In Wisconsin the northern region is growing because of recreation, tourism, and a year-round retirement population living in converted summer cottages. On the other hand, the southwest part of the state still retains its largely agricultural base, with development rooted in agricultural processing plants, insurance companies, small service establishments, and similar enterprises.

The major theoretical understanding of the spatial problem in development has been to conceive of communities in a hierarchy with the urban area at the center surrounded by a number of smaller towns, each one more limited in its economic range and dependent upon the larger for more differentiated services. This was the core idea that led to central place theory, which predicted that growth takes place in medium-sized communities of up to 50,000 people that were the ideal size for increased population and economic vitality. Policy, it was argued, should be directed toward these growth centers because they were the most effective in promoting new population and economic vitality, and they would draw from the smaller places around them, thus leading to regional concentrations of growth.

North Carolina, for example, has struggled with the dispersion problem in terms of a well-documented and popularly accepted goal of achieving population balance between the urban and the nonmetropolitan areas. They

have used a notion of growth centers to do this, although they have designated more than one hundred growth centers, which distorts the traditional meaning of the concept. As a matter of strategy, the state has taken very seriously the dispersal of manufacturing plants into the nonmetropolitan communities. When a firm inquires about a location within North Carolina, or begins negotiations with the state, it is usually shown at least two or three nonmetropolitan areas. There is some doubt as to the effectiveness of this, as a number of communities have suggested in interviews that they were wasting their resources in showing their community to a potential employer who clearly had no intention of locating in their areas. Nonetheless, the plant locations in North Carolina have been more balanced by this state policy than they might have been without it.

Rural America, however, has not grown according to the growth center thesis. Many unincorporated rural areas have grown faster than small cities, and the smaller cities have grown faster than the urban areas. It is clear that this strategy does not deal with the problem of distance, except by removing it into medium-sized, urban conglomerations.

In addition to the challenges of distance, density, and economic base, effective rural development requires the identification of programs designed specifically to meet the needs of the rural disadvantaged. The statistics on rural poverty have improved only marginally since the President's Commission on rural poverty wrote The People Left Behind in 1967. In fact, the conditions of the rural poor have deteriorated in several respects. First, for those poor people living in growing areas, the added pressure on rents, higher food prices, and the decline in community bartering is pushing them out of their communities into urban cities or poverty stricken rural towns. Furthermore, the job structure in these growing communities is not compatible with the capabilities of the poorest and least educated rural residents, while those rural residents with more education still leave their communities to seek jobs that match their education and aspirations. New groups of rural poor add to the present rural picture, including immigrants who lack the resources to compete in the local community, retired people seeking lower costs in rural areas, or young persons seeking a more simple romantic rurality. The largest new group of rural poor are female heads of households who because of high divorce rates need to support their families. However, their opportunities

are very limited, especially if they are also minorities or unskilled. Major job opportunities for rural women are only low-wage service, clerical, and production work, often in seasonal industries. Average female earnings in rural areas remain half or less than those of comparable male workers. Thus, a new crop of rural social problems associated with rural poverty arises. This is evidenced by rising crime, alcoholism, divorce, and other problems affecting rural America.

It has become clear to us that certain components of an effective strategy for the disadvantaged are required. First, efforts need to be sustained and developed to protect the present opportunity structure. The movement of middle class Americans and large corporations into nonmetropolitan areas has meant decreased opportunities for minorities since these better educated, middle class individuals compete for the same entry level jobs. In the rural South much agricultural land is being purchased by outside firms, forcing traditional black farmers out of agriculture. The Black Land Loss Project is helping to protect the availability of farmland for minority ownership. In other states Native Americans are similarly being deprived of their rights to natural resources which could create both employment and wealth.

Improving the conditions of minorities is especially difficult. For example, rural blacks now make even less in the service industry relative to whites than in 1959, even after controlling for age. It appears that even though blacks are entering a rapid growth industry, they have entered the low-wage sector of that industry. As a result, another form of peonage may be replacing its predecessor.

National Resource Connection

The role and potential of natural or physical resources in solving the problem of rural development is less than clear. Current research as discussed by Brown and Deavers seems to indicate few discrete relationships between natural resources and poverty or rural development. Phillip LeVeen demonstrated that in spite of the rhetoric regarding the benefits of enforcing the 160 acre Water Reclamation Act, few new jobs or community benefits would result. The major thesis of Walter Goldschmidt regarding the potential of small-scale agriculture to improve community life in the 1940s

may well have been true at that time but is less valid today. The reasons for this are that (1) agriculture even on a small scale is heavily oriented toward technological inputs; (2) the total number of new jobs created by agriculture in other sectors even with more farmers is relatively small; (3) the network of highways, home computers, and telephones allows small farmers to gain access to major markets for their needs beyond immediate household items (thus, it is unlikely that a town will grown much from agriculture alone); (4) and finally, rural community growth is more associated with nonagricultural expansion, particularly the service sector.

It seems fairly clear from the research that Ted Bradshaw and I have conducted in five states that natural-resource-based areas have only expanded to the extent that compatible service sector and other forms of employment have emerged. Glen Pulver in Wisconsin has suggested that rural areas are developing a new base economy that is not producer oriented but related to distribution and transfer of knowledge and products. He cites insurance, trucking, construction, wholesaling, and computer services as elements of the emerging rural base. Similarly Ted Bradshaw has shown how the computer research and production industry has expanded to rural areas for life-style reasons.

In sum, it appears that natural resources are no longer a major contribution to rural economic development. These industries may still be enormously important to an area or region because of the wealth they generate, but they are far less significant to the generation of jobs, improvement of living standards, and facilitation of community development activities. Human, rather than natural, resources must be the key to improving rural economies.

Policy Direction for Rural Development

Based on the available evidence, it seems fairly clear that policy development for rural areas must be based on a new foundation. That foundation should guide rural areas toward taking their place in the national economy as an important partner--not as a backward cousin that is underdeveloped or improverished. This can only be achieved if we discard our notion of rural places as cultural museums. We have to begin to understand that rural America is in fact a real frontier for policy design and econom-

ic development. The new policy base should be guided by the following principles.

1. National development policy must promote balanced rural settlement. Current national policy toward city configuration and size is out of step with the outcome preferred by most Americans. While we continue to place emphasis on urban centers and their expansion, the majority of Americans reject the "big" city concept. Over 50 percent of all Americans clearly prefer small city life-styles and community size. Rather than fighting this concept, we might well turn our attention to building networks of small interconnected communities built from existing small towns.

The research Ted Bradshaw and I have done indicates that much sustained growth is occurring in small interdependent towns within a 30-40 mile radius. The small communities form a rural regional settlement pattern which one small town mayor calls a "ruralplex." These linked small towns have most of the advantages of a large city but without density, congestion, and pollution. Further, these settlement systems can achieve many of the efficiencies of larger places through interjurisdictional agreements for bus transportation, school systems, and the like.

We believe the giant megalopolis promoted in the 1950s and 1960s was an error. The suburban green belt compounded the problem by uneven racial distribution. Perhaps smaller, multi-ethnic communities with diverse age groups might be physically more secure, both socially and politically.

2. Providing for a more versatile rural development model based on human rather than natural resources. Historically, rural development has been based on improving the access of rural places to urban amenities. The purpose of past policies was to provide sufficient comfort and stability in rural areas so that the resource base could be successfully exploited. As a result, rural public policy tended to prescribe public works infrastructure ranging from roads and sewers to housing and electricity. More recently, rural people have been the direct targets of aid through improvements in welfare and education. But the premise remains unaltered. That is, programs for rural people were targeted toward ensuring a stable rural workforce.

Today, the resource base has shifted from what is underneath the soil to the amenities offered by rural living. Further, the people living in rural areas, not the land itself, are becoming the central ingredient in

economic growth. Public policy aimed at rural development must shift to a strategy that increases the capacity of rural institutions that develop people. To that end, four basic elements should guide public policy formation for rural areas:

- Strengthening communication links--sustaining road and telecommunication networks so that small communities can continue to take part in and contribute to the technological revolution. More important than the physical infrastructure, rural areas need to be more fully integrated into the information networks and technical resources of the modern urban society.
- Improving and expanding post-secondary education programs--For communities to adjust to the altered skill requirements of developing technology, rural areas should be able to train young people appropriately for vocations and for college entry. In addition, both two- and four-year colleges can and should play a leadership role in stimulating and implementing economic development projects and programs. A wide array of exceptionally well-designed rural economic development ventures now operates directly out of small colleges and universities. These range from colleges providing direct assistance to small businesses to college and school districts operating for-profit radio stations and newspapers, and selling locally developed products or services. In every instance in which the college or university has taken on this type of direct involvement, the results have been good for the institution and the community.
- Promoting multijurisdictional service delivery mechanisms--Although rural areas should not disparage regionalism, voluntary collaboration across jurisdictions makes good sense. Clearly in human services, joint programs save money. The costs of hospitals and similar services make collaborative efforts a necessity. Similarly, training programs such as the Comprehensive Employment and Training Act (CETA) and now the Job Training and Partnership Act (JTPA) can only be operated successfully on a multijurisdictional basis.
- Improving the availability of financial resources in rural communities--Recent research suggests that rural places do not

suffer greatly from a lack of capital for development. However, a great problem persists for many rural businesses that need start-up capital. This situation is unlikely to be remedied by the private marketplace. Banking deregulation will probably have an adverse effect; that is, it will drive more money away from small places toward the big international markets. A new network of financial institutions to service rural America must be found.

3. Increasing the social and economic opportunities for the disadvantaged in rural areas. Some rural areas are gaining middle class populations at the same time that low-income and educationally disadvantaged groups migrate to the cities. The real difference in the situation today is that the flow of rural disadvantaged persons to the cities has slowed and a different group of cities is the recipient of the flow. The medium-sized cities of the South and Midwest are receiving a larger portion of the rural migration from the countryside to the city. In the West, especially California, the pattern is similar in that mid-sized communities surrounding agricultural areas are the recipients of the disadvantaged. However, not all low-income unskilled or undereducated persons leave rural small towns. Some remain with little or no alteration in their conditions in spite of general improvements in their communities. In many instances, rising rents and costs force a number of these people into other nearby small towns and the open countryside. These places are fast becoming a rural version of the city low-income or ghetto area. Some newcomers, particularly females as stated earlier, have difficulty meeting their financial needs, thus increasing the community's total poor population. However, the conditions of the rural poor are no more uniform than those of major cities.

It is important that the needs of the rural disadvantaged be structured into rural public policy during the current prosperity period. If they are not, changes in the economy may leave them, the rural poor, in a position even worse than the one originally described in the People Left Behind.

The issue is what options are realistic and how they will be implemented. It is my contention that only a specific approach will be successful. Therefore it is important that a new Rural Opportunity Agency be formed. This agency would act as an intermediary within the states to

promote rural economic development for the rural poor. This agency would provide resources to assist the rural disadvantaged to acquire education, capital, and know-how so they may participate as economic partners in the rural renaissance rather than as dependents.

4. Integrating physical, social, and human resource development into a new, better-integrated rural community development approach. Rural areas must frequently compete with urban areas for resources in the social and economic spheres, while having some special advantages in the case of certain rural physical infrastructural programs. Often there is little overlap between the guidelines and requirements for these programs. Further, both urban- and rural-oriented programs are designed to make small places metropolitan in form and substance. There is too little scholarship or policy to help design unique approaches for low-density environments. Furthermore, it is essential to mix social, economic, employment, and physical infrastructure into a coherent rural community development approach. Such a mixture could provide small towns with an opportunity to integrate their development activities. This integration would provide communities with the capacity to develop all of their resources in a uniform fashion. The current system of fragmented grants and programs impedes any orderly planning process and promotes interjurisdictional competition rather than cooperation.

A new consolidated rural community development grant program should be inaugurated to meet interconnected rural development needs. Such a program would consolidate many small programs scattered throughout the federal bureaucracy into a single one under the direction of an Under Secretary for Small Towns and Rural Development. Programs that would be central to such an effort should include the rural jobs services of the Department of Labor, small city efforts of both the Department of Housing and Rural Development and the Department of Transportation, as well as combining the various housing and infrastructural programs of the Department of Agriculture. This action alone would help to bring more focused and coherent planning to rural development. But, in addition it would stimulate more thinking on the unique needs and problems of rural and small town areas.

5. Increasing the capacity of small local governments. Small city governments lack the personnel and other resources to handle the mandated state and federal programs. Innovating in this environment is extremely

difficult. Some communities with the assistance of local universities, others utilizing regional agencies, and some on their own manage to put forward new approaches. However, even when these innovations occur, it is difficult to disseminate the ideas to other small jurisdictions. To some extent, special rural-oriented periodicals help. But the main channel for local officials in large and small places remains urban-oriented conferences, literature, and urban consultant assistance.

A number of mechanisms have been proposed to solve this problem. These include the so-called TRAIN program proposed in the Rural Strategy Plan. The TRAIN proposal suggests that the federal government would facilitate rural-oriented information exchange programs. One of the problems with this approach is the assumption that a large amount of helpful information at the federal level is not getting to small communities. In fact, the real situation is that small cities frequently receive more information than they can usefully analyze and use. The greater need is for well-designed technical assistance efforts that help small cities to use current programs, and share data, development approaches, and resources with one another. I believe an updated and modified circuit rider program could provide ways for small cities to share their own experiences as well as to build new useful approaches tailored to rural cities' needs.

Conclusion

The options for rural America are for the first time in a century genuinely positive, and they are substantial options. Over 400 rural counties remain depressed, isolated, and impoverished. Nonetheless, recent and sustained growth portend a bright future for many communities. This future need not be one that either ushers in large-scale urbanism to rural places or alternatively freezes small towns into a nostalgic past as the only means of preserving their integrity.

In essence, the past need not be prologue for rural areas. A new dynamic, vital future can be fashioned in which rural and small towns form the core settlement and industrial base for an advanced industrial nation. The issue now is how to fashion public policy to attain this end.

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